

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In the Matter of)	
)	Order No.: SE-11-001
)	
AMERICAN BANK)	Effective Date: January 6, 2011
)	
Greenbelt, Maryland)	
OTS Docket No. 08149)	
)	

ORDER TO CEASE AND DESIST

WHEREAS, American Bank, Greenbelt, Maryland, OTS Docket No. 08149 (Association), by and through its Board of Directors (Board), has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist (Stipulation); and

WHEREAS, the Association, by executing the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist (Order) by the Office of Thrift Supervision (OTS) pursuant to 12 U.S.C. § 1818(b); and

WHEREAS, pursuant to delegated authority, the OTS Regional Director for the Southeast Region (Regional Director) is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order.

NOW, THEREFORE, IT IS ORDERED that:

Cease and Desist.

1. The Association, its institution-affiliated parties,¹ and its successors and assigns, shall cease and desist from any action (alone or with others) for or toward causing, bringing about,

¹ The term "institution-affiliated party" is defined at 12 U.S.C. § 1813(u).

participating in, counseling, or the aiding and abetting the unsafe or unsound banking practices that resulted in:

- (a) operating the Association with an inadequate level of capital protection for the volume, type and quality of assets held by the Association;
- (b) operating with an excessive level of adversely classified loans and assets;
- (c) operating the Association with a materially underfunded ALLL and inaccurately reported and understated classified assets;
- (d) failing to accurately reflect the condition of the Association in Thrift Financial Reports;
- (e) operating without an adequate and effective internal audit program; and
- (f) engaging in unsafe and unsound practices by failing to:
 - (i) adopt and implement acceptable Allowance for Loan Lease Loss (ALLL) policies, procedures and methodologies that ensured the timely establishment and maintenance of adequate ALLL; and
 - (ii) adopt and implement policies and procedures to ensure the Association accurately and timely identifies and classifies problem assets in compliance with 12 C.F.R. § 563.160, 12 C.F.R. Part 570 and reported such assets on the Association's financial reports.

2. The Association, its institution-affiliated parties, and its successors and assigns, shall also cease and desist from any action (alone or with others) for or toward causing, bringing about, participating in, counseling, or the aiding and abetting violations of the following laws and regulations:

- (a) 12 C.F.R. § 560.160 (regarding accurate and timely classification of assets);

- (b) 12 C.F.R. § 560.170(b) (regarding records for lending transactions);
- (c) 12 C.F.R. § 563.161 (regarding safe and sound management and financial policies);
- (d) 12 C.F.R. § 563.170(c) (regarding establishment and maintenance of accurate books and records); and
- (e) 12 C.F.R. § 203.4 (regarding HMDA).

Capital.

3. By March 31, 2011, the Association shall have and maintain a Tier 1 (Core) Capital Ratio equal to or greater than eight and one-half percent (8 ½ %) and a Total Risk-Based Capital Ratio equal to or greater than thirteen percent (13%).²

4. By January 31, 2011, the Association shall submit a written plan to achieve and maintain the Association's capital at the levels prescribed in Paragraph 3 (Capital Plan) that is acceptable to the Regional Director. At a minimum, the Capital Plan shall:

- (a) identify the specific sources of additional capital needed, and the timeframes and methods by which the additional capital will be raised, including specific target dates and corresponding capital levels;
- (b) detail the Association's capital preservation and enhancement strategies with specific narrative goals;
- (c) address the requirements and restrictions imposed by this Order relating to capital under different forward-looking scenarios involving progressively stressed economic environments;

² The requirement in Paragraph 3 to have and maintain a specific capital level means that the Association may not be deemed to be "well-capitalized" for purposes of 12 U.S.C. §1831o and 12 C.F.R. Part 565, pursuant to 12 C.F.R. §565.4(b)(1)(iv).

- (d) include detailed quarterly financial projections, including Tier 1 (Core) and Total Risk-Based Capital Ratios;
 - (e) address the Association's level of classified assets, ALLL, earnings, asset concentrations, liquidity needs, and trends in the foregoing areas; and
 - (f) address current and projected trends in real estate market conditions.
5. Upon receipt of written notification from the Regional Director that the Capital Plan is acceptable, the Association shall implement and adhere to the Capital Plan. A copy of the Capital Plan and the Board meeting minutes reflecting the Board's adoption thereof shall be provided to the Regional Director within twenty (20) days after the Board meeting.
6. At each monthly board meeting, beginning with the January 2011 board meeting, the Board shall review the Association's compliance with the Capital Plan. At a minimum, the Board's review shall include:
- (a) a comparison of actual operating results to projected results;
 - (b) detailed explanations of any material deviations;³ and
 - (c) a discussion of specific corrective actions or measures that have been or will be implemented to address each material deviation.
7. Within fifteen (15) days after: (a) the Association fails to meet the capital requirements prescribed in Paragraph 3; (b) the Association fails to comply with the Capital Plan prescribed in Paragraph 4; or (c) any written request from the Regional Director, the Association shall submit a written Contingency Plan that is acceptable to the Regional Director.
8. The Contingency Plan shall detail the actions to be taken, with specific time frames, to achieve one of the following results by the later of the date of receipt of all required regulatory

³ A deviation shall be considered material under this Paragraph of the Order when the Association determines that it needs to adjust its identified sources of additional capital, timeframes, methods, or target dates by which it will raise capital.

approvals or sixty (60) days after the implementation of the Contingency Plan: (a) merger with, or acquisition by, another federally insured depository institution or holding company thereof; or (b) voluntary dissolution by filing an appropriate application with the OTS in conformity with applicable laws, regulations and regulatory guidance.

9. Upon receipt of written notification from the Regional Director, the Association shall implement and adhere to the Contingency Plan immediately. The Association shall provide the Regional Director with written status reports detailing the Association's progress in implementing the Contingency Plan by no later than the first (1st) and fifteenth (15th) of each month following implementation of the Contingency Plan.

Business Plan.

10. Within sixty (60) days, the Association shall submit a new comprehensive business plan for calendar years 2011, 2012 and 2013 (Business Plan) that addresses all corrective actions in the June 1, 2010 OTS Report of Examination (2010 Examination) relating to the Association's business operations to the Regional Director for review and non-objection. Thereafter, the Association shall submit an updated three year Business Plan at least ninety (90) days prior to the end of each calendar year. At a minimum, the Business Plan shall conform to applicable laws, regulations and regulatory guidance and include:

- (a) plans to improve the Association's core earnings and maintain profitability on a consistent basis throughout the term of the Business Plan;
- (b) detailed strategies and actions the Association will take to reduce the overall risk profile of the Association;
- (c) specific targets and dates and supporting documentation to demonstrate the reduction in the overall risk profile of the institution;

- (d) detailed strategies and actions to reduce the outstanding balance of the non-homogenous lending portfolios, and any asset categories that present higher or unusual risk characteristics;
- (e) quarterly pro forma financial projections (balance sheet, regulatory capital ratios, and income statement) for each quarter covered by the Business Plan; and
- (f) consideration of the requirements of this Order.

11. Upon receipt of written notification of non-objection from the Regional Director, the Association shall implement and adhere to the Business Plan. A copy of the Business Plan and the Board meeting minutes reflecting the Board's adoption thereof shall be provided to the Regional Director within twenty (20) days after the Board meeting.

12. Any material modifications⁴ to the Business Plan must receive the prior written non-objection of the Regional Director. The Association shall submit proposed material modifications to the Regional Director at least forty-five (45) days prior to implementation.

13. Within thirty (30) days after the end of each quarter, beginning with the Quarter ending March 31, 2011, the Board shall review quarterly variance reports on the Association's compliance with the Business Plan (Variance Reports). The Variance Reports shall:

- (a) identify variances, expressed in dollars and percentages, in the Association's actual performance during the preceding quarter as compared to the projections set forth in the Business Plan;
- (b) contain an analysis and explanation of identified variances; and
- (c) discuss the specific measures taken or to be taken to address identified variances.

⁴ A modification shall be considered material under this Section of the Order if the Association plans to: (a) engage in any activity that is inconsistent with the Business Plan; or (b) exceed the level of any activity contemplated in the Business Plan or fail to meet target amounts established in the Business Plan by more than ten percent (10%), unless the activity involves assets risk-weighted fifty percent (50%) or less, in which case a variance of more than twenty-five percent (25%) shall be deemed to be a material modification.

14. A copy of the Variance Reports and Board meeting minutes shall be provided to the Regional Director within ten (10) days after the Board meeting.

Growth.

15. Beginning January 30, 2011, the Association shall not increase its total assets during any quarter in excess of an amount equal to net interest credited on deposit liabilities during the prior quarter without the prior written notice of non-objection of the Regional Director. The total assets as of January 30, 2011, shall not exceed the Association's total assets on October 31, 2010.

Internal Asset Review and Classification.

16. By December 31, 2010, the Association shall retain a qualified, experienced, and independent third party to conduct, at a minimum, annual reviews of the Association's commercial real estate and commercial nonmortgage loans, or loan relationships and all assets classified Substandard, Doubtful, Loss or Special Mention, greater than \$500,000 and assessments of the Association's internal asset review process thereof (Independent Asset Review). The Independent Asset Review shall be completed no later than March 1 of each calendar year. The results and findings of each Independent Asset Review shall be in writing (IAR Report) and reviewed by the Board at the first regular Board meeting following completion of the IAR Report. The Board shall take action on all findings and recommendations in each IAR Report so that any changes in classification or valuation of assets (results of review) are reported on the March 31 Thrift Financial Reports. A copy of the IAR Report and the Board meeting minutes detailing the Board's review shall be provided to the Regional Director within fifteen (15) days after the Board meeting.

Problem Assets.

17. By March 31, 2011, the Association shall develop a detailed, written plan with specific strategies, targets and timeframes to reduce⁵ the Association's level of problem assets⁶ (Problem Asset Reduction Plan). The Problem Asset Reduction Plan, at a minimum, shall include:

- (a) quarterly targets for the level of problem assets as a percentage of Tier 1 (Core) capital plus ALLL;
- (b) a description of the methods for reducing the Association's level of problem assets to the established targets; and
- (c) all relevant assumptions and projections and documentation supporting such assumptions and projections.

18. By March 31, 2011 the Association shall develop individual written specific workout plans for each problem asset or group of loans to any one borrower or loan relationship of Five Hundred Thousand Dollars (\$500,000.00) or greater (Asset Workout Plans).

19. Within thirty (30) days after the end of each quarter, beginning with the quarter ending March 31, 2011, the Association shall submit a quarterly written asset status report (Quarterly Asset Report) to the Board. The Board's review of the Quarterly Asset Report shall be documented in the Board meeting minutes. The Quarterly Asset Report shall include, at a minimum :

- (a) the current status of all Asset Workout Plans;
- (b) a comparison of problem assets to Tier 1 (Core) capital plus ALLL ;
- (c) a comparison of problem assets at the current quarter end with the preceding

⁵ For purposes of this Paragraph, "reduce" means to collect, sell, charge off, or improve the quality of an asset sufficient to warrant its removal from adverse criticism or classification.

⁶ The term "problem assets" shall include all classified assets, and assets designated special mention, and all nonperforming assets.

quarter;

(d) a breakdown of problem assets by type and risk factor, i.e., residential, acquisition and development, construction, land loans, location and origination source;

(e) an assessment of the Association's compliance with the Problem Asset Reduction Plan;

(f) a discussion of the actions taken during the preceding quarter to reduce the Association's level of problem assets; and

(g) any recommended revisions or updates to the Problem Asset Reduction Plan.

20. Within thirty(30) of days after the end of each quarter, a copy of the Quarterly Asset Report shall be provided to the Regional Director.

Internal Audit.

21. By March 31, 2011, the Association shall develop and adhere to an internal audit program that addresses the corrective actions in the 2010 ROE and complies with applicable law, regulation and regulatory guidance (Internal Audit Program).

22. At a minimum, the Internal Audit Program shall be:

(a) independent of management and report directly to the Board or Audit Committee;

(b) appropriate to the size of the Association and the nature, scope and risk of its activities;

(c) adequately managed and supported with trained and qualified personnel;

(d) sufficient to detect irregularities and weaknesses in all areas of the Association's operations and determine the Association's compliance with applicable laws, regulations and with Association policies; and

(e) comprehensive and detailed to adequately assess the effectiveness of

Association's policies, procedures and internal controls.

External Audit.

23. By December 31, 2010, the Association shall engage a qualified and experienced third party audit firm to conduct an audit of the Association's system of controls related to wire operations, accounting and financial reporting, loan servicing and payment processing, the mortgage banking division, and the insurance premium finance division (Control Audit). A written report detailing the findings of the Control Audit shall be provided to the Board Audit Committee for review on or before March 1, 2011 (Control Audit Report). Any deficiencies identified in the Control Audit Report shall be corrected within thirty (30) days after review of the Control Audit Report. Within ten (10) days after the Board's review of the Control Audit findings, the Association shall provide a copy of the Control Audit findings and the board minutes detailing the Board's review to the Regional Director.

Financial Reporting.

24. Effective immediately, the Association shall ensure that its books and records, financial reports and statements are timely and accurately prepared and filed in compliance with generally accepted accounting principles and applicable laws, regulations, and regulatory guidance including, but not limited to, 12 C.F.R. Part 562 and the Thrift Financial Report (TFR) instructions.

Home Mortgage Disclosure Act.

25. Effective immediately, the Board shall review and amend the Association's policies and procedures regarding HMDA and Regulation C (HMDA Policy) to ensure that the Association complies with the requirements of HMDA, Regulation C and this Order. At a minimum, the Association's HMDA Policy shall:

- a. designate an individual who shall be responsible for ensuring the accurate collection and recordation of all data and information required to be collected and maintained on the Association's Loan Application Register (LAR) by the provisions of the HMDA and Section 203.4 of Regulation C (HMDA Officer). The HMDA Officer shall be a member of Senior Management and shall be different from the person(s) responsible for inputting HMDA data into the LAR;
- b. provide for the use of a HMDA summary sheet for each loan application file that identifies all information required to be entered and maintained on the Association's LAR to ensure accurate and timely entry of such data on the LAR; and
- c. require a quarterly review of the Association's LAR to determine compliance with the Association's HMDA Policy and ensure that the LAR data matches the information in the loan application files by comparing entries on the LAR to an appropriate sample of loan files.

26. By January 31, 2011, the Association shall conduct a review of the 2009 LAR and prepare and submit to the Board a written report identifying all HMDA data errors or violations (HMDA Report). The Board shall review the HMDA Report and adopt specific corrective actions, with completion timeframes, to fully address all identified errors and violations. The Board shall require Management to implement the corrective actions adopted by the Board and to provide the Board with documentation demonstrating that each corrective action adopted by the Board has been taken and that all deficiencies and violations have been corrected. A copy of the HMDA Report and the Board minutes detailing the Board's review shall be provided to the Regional Director no later than January 10, 2010.

Directorate and Management Changes.

27. Effective immediately, the Association shall comply with the prior notification requirements for changes in directors and Senior Executive Officers⁷ set forth in 12 C.F.R. Part 563, Subpart H.

Golden Parachute and Indemnification Payments.

28. Effective immediately, the Association shall not make any golden parachute payment⁸ or prohibited indemnification payment⁹ unless, with respect to each such payment, the Association has complied with the requirements of 12 C.F.R. Part 359 and, as to indemnification payments, 12 C.F.R. § 545.121.

Employment Contracts and Compensation Arrangements.

29. Effective immediately, the Association shall not enter into, renew, extend or revise any contractual arrangement relating to compensation or benefits for any Senior Executive Officer or director of the Association, unless it first provides the Regional Director with not less than thirty (30) days prior written notice of the proposed transaction. The notice to the Regional Director shall include a copy of the proposed employment contract or compensation arrangement or a detailed, written description of the compensation arrangement to be offered to such officer or director, including all benefits and perquisites. The Board shall ensure that any contract, agreement or arrangement submitted to the Regional Director fully complies with the requirements of 12 C.F.R. Part 359, 12 C.F.R. §§ 563.39 and 563.161(b), and 12 C.F.R. Part 570 – Appendix A, and the Interagency Guidance on Sound Incentive Compensation Policies contained in OTS Chief Executive Officer Memorandum No. 354.

⁷ The term “Senior Executive Officer” is defined at 12 C.F.R. § 563.555.

⁸ The term “golden parachute payment” is defined at 12 C.F.R. § 359.1(f).

⁹ The term “prohibited indemnification payment” is defined at 12 C.F.R. § 359.1(l).

Dividends and Other Capital Distributions.

30. Effective immediately, the Association shall not declare or pay dividends or make any other capital distributions, as that term is defined in 12 C.F.R. § 563.141, without receiving the prior written approval of the Regional Director in accordance with applicable regulations and regulatory guidance. The Association's written request for approval shall be submitted to the Regional Director at least thirty (30) days prior to the anticipated date of the proposed declaration, dividend payment or distribution of capital.

Third Party Contracts.

31. Effective immediately, the Association shall not enter into any arrangement or contract with a third party service provider that is significant to the overall operation or financial condition of the Association¹⁰ or outside the Association's normal course of business unless, with respect to each such contract, the Association has: (a) provided the Regional Director with a minimum of thirty (30) days prior written notice of such arrangement or contract and a written determination that the arrangement or contract complies with the standards and guidelines set forth in Thrift Bulletin 82a (TB 82a); and (b) received written notice of non-objection from the Regional Director.

Brokered Deposits.

32. Effective immediately, the Association shall comply with the requirements of 12 C.F.R. § 337.6(b).

33. Within forty-five (45) days after the end of each calendar quarter, Management shall submit to the Board for review a written report detailing the level of brokered deposits for each

¹⁰ A contract will be considered significant to the overall operation or financial condition of the Association where the annual contract amount equals or exceeds two percent (2%) of the Association's total capital, where there is a foreign service provider, or where it involves information technology that is critical to the Association's daily operations without regard to the contract amount.

month within the quarter (Brokered Deposit Report) and conclusions regarding compliance with Paragraph 32. The Board's review of the Brokered Deposit Report shall be documented in the meeting minutes.

Debt Limitations.

34. Effective immediately, the Association shall not: (a) incur, issue, renew, or rollover any debt,¹¹ increase any current lines of credit, or otherwise incur any additional debt without receiving the prior written non-objection of the Regional Director; or (b) authorize or permit any subsidiary of the Association to incur, issue, renew, or rollover any debt, increase any current lines of credit, or otherwise incur any additional debt without receiving the prior written non-objection of the Regional Director.. All written requests to the Regional Director shall include, at a minimum: a statement regarding the purpose of the debt; a copy of the debt agreement; the planned source(s) for debt repayment; and an analysis of the cash flow resources available to meet such debt repayment. The Association's written request for non-objection shall be submitted to the Regional Director at least forty-five (45) days prior to the anticipated date of the proposed debt issuance, renewal, or rollover; the proposed increase in any current lines of credit; the proposed guarantee of the debt of any entity; or any other incurrence of additional debt.

Violations of Law.

35. Within sixty (60) days, the Association shall ensure that all violations of law and/or regulation discussed in the 2010 Examination are corrected and that adequate policies, procedures and systems are established or revised and thereafter implemented to prevent future violations.

¹¹ For purposes of this Paragraph of the Order, the term "debt" includes, but is not limited to: loans, bonds, cumulative preferred stock, hybrid capital instruments such as subordinated debt or trust preferred securities, and guarantees of debt; and does not include: liabilities that are incurred in the ordinary course of business to acquire goods and services and that are normally recorded as accounts payable under generally accepted accounting principles.

Board Oversight of Compliance with Order.

36. Within thirty (30) days, the Board shall designate a committee to monitor and coordinate the Association's compliance with the provisions of this Order and the completion of all corrective actions required in the 2010 Examination (Compliance Committee). The Compliance Committee shall review all of management's corrective actions and make an independent determination of the Association's compliance with this Order. The Compliance Committee shall be comprised of three (3) or more directors, the majority of whom shall be independent¹² directors.

37. Within thirty (30) days after the end of each quarter, beginning with the quarter ending March 31, 2011, the Compliance Committee shall submit a written compliance progress report to the Board (Compliance Tracking Report). The Compliance Tracking Report shall, at a minimum:

- (a) separately list each corrective action required by this and the 2010 Examination;
- (b) identify the required or anticipated completion date for each corrective action; and

¹² For purposes of this Order, an individual who is "independent" with respect to the Association shall be any individual who:

- (a) is not employed in any capacity by the Association, its subsidiaries, or its affiliates, other than as a director;
- (b) does not own or control more than ten percent (10%) of the outstanding shares of the Association or any of its affiliates;
- (c) is not "an immediate family member" as that term is defined in Regulation O, 12 C.F.R. § 215.2, or to any shareholder owning more than ten percent (10%) of the outstanding shares of the Association or any of its affiliates, and who does not otherwise share a common financial interest with any such officer, director or shareholder;
- (d) is not indebted, directly or indirectly, to the Association or any of its affiliates, including the indebtedness of any entity in which the individual has a substantial financial interest, in an amount exceeding 10 percent (10%) of the Association's total Tier 1 (Core) capital; and
- (e) has not served as a consultant, advisor, underwriter, or legal counsel to the Association or any of its affiliates.

(c) discuss the current status of each corrective action, including the action(s) taken or to be taken to comply with each corrective action; and

(d) detail the Compliance Committee's determinations regarding the Association's compliance with the Order and completion of all corrective actions required in the 2010 Examination.

38. Within forty-five (45) days after the end of each quarter, beginning with the quarter ending March 31, 2011, the Board shall review the Compliance Tracking Report and all reports required by this Order. Following its review, the Board shall adopt a resolution: (a) certifying that each director has reviewed the Compliance Tracking Report and all required reports; and (b) documenting any corrective actions adopted by the Board. A copy of the Compliance Tracking Report and the Board resolution shall be provided to the Regional Director within ten (10) days after the Board meeting.

Effective Date, Incorporation of Stipulation.

39. This Order is effective on the Effective Date as shown on the first page. The Stipulation is made a part hereof and is incorporated herein by this reference.

Duration.

40. This Order shall remain in effect until terminated, modified, or suspended by written notice of such action by the OTS, acting by and through its authorized representatives.

Time Calculations.

41. Calculation of time limitations for compliance with the terms of this Order run from the Effective Date and shall be based on calendar days, unless otherwise noted.

42. The Regional Director, or an OTS authorized representative, may extend any of the deadlines set forth in the provisions of this Order upon written request by the Association that includes reasons in support for any such extension. Any OTS extension shall be made in writing.

Submissions and Notices.

43. All submissions, including any reports, to the OTS that are required by or contemplated by this Order shall be submitted within the specified timeframes.

44. Except as otherwise provided herein, all submissions, requests, communications, consents or other documents relating to this Order shall be in writing and sent by first class U.S. mail (or by reputable overnight carrier, electronic facsimile transmission or hand delivery by messenger) addressed as follows:

- (a) To the OTS:
Regional Director
Office of Thrift Supervision
1475 Peachtree St., NE
Atlanta, Georgia 30309
- (b) To the Association:
Board of Directors
American Bank
9001 Edmonston Road, Suite 100
Greenbelt, Maryland 20770

No Violations Authorized.

45. Nothing in this Order or the Stipulation shall be construed as allowing the Association, its Board, officers, or employees to violate any law, rule, or regulation.

IT IS SO ORDERED.

OFFICE OF THRIFT SUPERVISION

By: _____/s/_____
James G. Price
Regional Director, Southeast Region

Date: See Effective Date on page 1

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In the Matter of)

Order No.: SE-11-001

AMERICAN BANK)

Effective Date: January 6, 2011

Greenbelt, Maryland)

OTS Docket No. 08149)

STIPULATION AND CONSENT TO ISSUANCE OF ORDER TO CEASE AND DESIST

WHEREAS, the Office of Thrift Supervision (OTS), acting by and through its Regional Director for the Southeast Region (Regional Director), and based upon information derived from the exercise of its regulatory and supervisory responsibilities, has informed American Bank, Greenbelt, Maryland, OTS Docket No. 08149 (Association), that the OTS is of the opinion that grounds exist to initiate an administrative proceeding against the Association pursuant to 12 U.S.C. § 1818(b);

WHEREAS, the Regional Director, pursuant to delegated authority, is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order; and

WHEREAS, the Association desires to cooperate with the OTS to avoid the time and expense of such administrative cease and desist proceeding by entering into this Stipulation and Consent to the Issuance of Order to Cease and Desist (Stipulation) and, without admitting or

denying that such grounds exist, but only admitting the statements and conclusions in Paragraphs 1 and 2 below concerning Jurisdiction, hereby stipulates and agrees to the following terms:

Jurisdiction.

1. The Association is a “savings association” within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, the Association is “an insured depository institution” as that term is defined in 12 U.S.C. § 1813(c).
2. Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the “appropriate Federal banking agency” with jurisdiction to maintain an administrative enforcement proceeding against a savings association. Therefore, the Association is subject to the authority of the OTS to initiate and maintain an administrative cease and desist proceeding against it pursuant to 12 U.S.C. § 1818(b).

OTS Findings of Fact.

3. Based on its June 1, 2010 examination of the Association (2010 ROE), the OTS finds that the Association has engaged in unsafe or unsound banking practices including, but not limited to:
 - (a) operating the Association with an inadequate level of capital protection for the volume, type and quality of assets held by the Association;
 - (b) operating with an excessive level of adversely classified loans and assets;
 - (c) operating the Association with a materially underfunded ALLL and inaccurately reported and understated classified assets;
 - (d) failing to accurately reflect the condition of the Association in Thrift Financial Reports;
 - (e) operating without an adequate and effective internal audit program; and
 - (f) engaging in unsafe and unsound practices by failing to:

- (i) adopt and implement acceptable Allowance for Loan Lease Loss (ALLL) policies, procedures and methodologies that ensured the timely establishment and maintenance of adequate ALLLs; and
- (ii) adopt and implement policies and procedures to ensure the Association accurately and timely indentified and classified problem assets in compliance with 12 C.F.R. § 563.160, 12 C.F.R. Part 570 and reported such assets on the Association's financial reports.

4. Based on its 2010 ROE of the Association, the OTS finds that the Association has engaged in violations of law and regulation including, but not limited to:

- (a) 12 C.F.R. § 560.160 (regarding accurate and timely classification of assets);
- (b) 12 C.F.R. § 560.160(b) (regarding records for lending transactions);
- (c) 12 C.F.R. § 563.161 (regarding safe and sound management and financial policies);
- (d) 12 C.F.R. § 563.170(c) (regarding establishment and maintenance of accurate books and records); and
- (e) 12 C.F.R. § 203.4 (regarding HMDA).

Consent.

5. The Association consents to the issuance by the OTS of the accompanying Order to Cease and Desist (Order). The Association further agrees to comply with the terms of the Order upon the Effective Date of the Order and stipulates that the Order complies with all requirements of law.

Finality.

6. The Order is issued by the OTS under 12 U.S.C. § 1818(b). Upon the Effective Date, the

Order shall be a final order, effective, and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

Waivers.

7. The Association waives the following:

- (a) the right to be served with a written notice of the OTS's charges against it as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
- (b) the right to an administrative hearing of the OTS's charges as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
- (c) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order; and
- (d) any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs, or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, federal statutes, or otherwise.

OTS Authority Not Affected.

8. Nothing in this Stipulation or accompanying Order shall inhibit, estop, bar, or otherwise prevent the OTS from taking any other action affecting the Association if at any time the OTS deems it appropriate to do so to fulfill the responsibilities placed upon the OTS by law.

Other Governmental Actions Not Affected.

9. The Association acknowledges and agrees that its consent to the issuance of the Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 8 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any

way affect any actions, charges against, or liability of the Association that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than the OTS.

Miscellaneous.

10. The laws of the United States of America shall govern the construction and validity of this Stipulation and of the Order.

11. If any provision of this Stipulation and/or the Order is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise.

12. All references to the OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns.

13. The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the interpretation of this Stipulation or the Order.

14. The terms of this Stipulation and of the Order represent the final agreement of the parties with respect to the subject matters thereof, and constitute the sole agreement of the parties with respect to such subject matters.

15. The Stipulation and Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Regional Director or other authorized representative.

Signature of Directors/Board Resolution.

16. Each Director signing this Stipulation attests that he or she voted in favor of a Board Resolution authorizing the consent of the Association to the issuance of the Order and the

execution of the Stipulation. This Stipulation may be executed in counterparts by the directors after approval of execution of the Stipulation at a duly called board meeting.

WHEREFORE, the Association, by its directors, executes this Stipulation.

Accepted by:

**AMERICAN BANK
Greenbelt, Maryland**

OFFICE OF THRIFT SUPERVISION

By: /s/
Joseph R. Schuble, Jr.
Chairman

By: /s/
James G. Price
Regional Director, Southeast Region

Date: See Effective Date on page 1

 /s/
James E. Plack, Director

 /s/
Jeffrey Cohen, Director

 /s/
Dallas R. Evans, Director

 /s/
Herbert Greenwald, Director

 /s/
Michael A. Postal, Director

 /s/
Eric I. Richman, Director